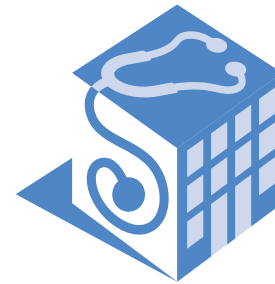


HEALTH CARE



HEALTH CARE

Before the war in 2003, Iraq had approximately 240 hospitals and 1,200 health clinics. For the previous two decades, the Iraqi health care system had been poorly managed, and no new hospitals had been built. More than half of the public health centers had deteriorated and closed before 2003.³¹⁴

U.S. reconstruction in this sector has focused on building, rehabilitating, and equipping medical facilities, as well as providing immunization, training, and other health services.

Activities in this sector were initially hindered by both design-build contractor performance shortfalls and mismanagement in overseeing the reconstruction contracts. These issues most adversely affected the primary healthcare center (PHC) program.³¹⁵

In addition, insurgent attacks have slowed construction of PHCs. GRD noted that two PHC sites were bombed this quarter.³¹⁶ Last quarter, four PHCs were bombed, and construction at these sites was brought to a halt.³¹⁷ Security issues are the major impediments for Iraqis seeking access to medical attention, and health care professionals are threatened with kidnappings and other intimidation.

U.S. Support

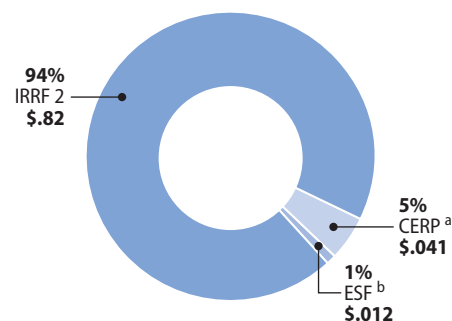
Figure 2.59 shows the allocations of U.S. funding in the health care sector. IRRF activities in this sector include constructing and refurbishing PHCs and hospitals throughout Iraq, as well as supplying those facilities with medical equipment and training medical practitioners and government officials. Past activities in this sector also included nationwide vaccination programs. CERP activities are smaller-scale projects, including the provision

FIGURE 2.59

ALLOCATIONS TO HEALTH CARE

\$ Billions, % of \$.87 Billion

Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Economic Track Summary* (7/5/2007)



Note: Numbers are affected by rounding.

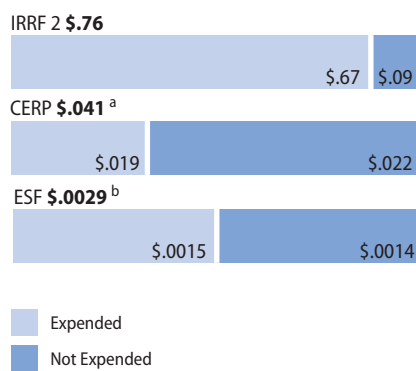
a. Allocation detail at the sector and subsector level for CERP is currently unavailable; therefore, the percentages for CERP are calculated using FY 2006 and FY 2007 dollars obligated.

b. FY 2006 Supplemental Funds (P.L. 109-234).



FIGURE 2.60

OBLIGATIONS FOR HEALTH CARE
\$ Billions, \$.80 Billion Total
Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Cost to Complete* (7/5/2007)



Note: Numbers are affected by rounding.
a. FY 2006 and FY 2007.
b. FY 2006 Supplemental Funds (P.L. 109-234).

of medical supplies and equipment and repairs to health clinics.

ESF projects provide support to the sector through the Capacity Development and O&M Sustainment programs. In addition, ESF provides new health care facilities.³¹⁸

At the end of this quarter, 82% of IRRF sector funding had been expended. Almost 46% of the CERP funds for the sector had been expended, and more than 12% of the ESF sector total. Figure 2.60 shows the status of all U.S. funds that have been obligated in the health care sector.



ESF projects in the health care sector have helped keep needed medical facilities and vehicles operational.



IRRF

53% of IRRF projects in the health care sector are complete, as shown in Figure 2.61.

Last quarter, GRD reported that construction of more than 70 PHCs would be completed before July 2007;³¹⁹ however, as of June 30, 2007, only 44 of 142 planned PHCs have been completed. Of the completed PHCs, 20 have been turned over to the Ministry of Health, but only 8 are currently open. Construction at eight other PHCs was stopped last quarter because of security concerns or subcontractor problems.³²⁰ This quarter, GRD reported that six of these eight PHCs “have been deprogrammed due to security issues” and that work at the other two sites will resume, pending completion of contract modifications and re-awards.³²¹

This is the status of unfinished PHC projects:

- 64 are 90-100% complete.
- 20 are 75-90% complete.
- 8 are at various stages of completion, ranging from 40-75%.

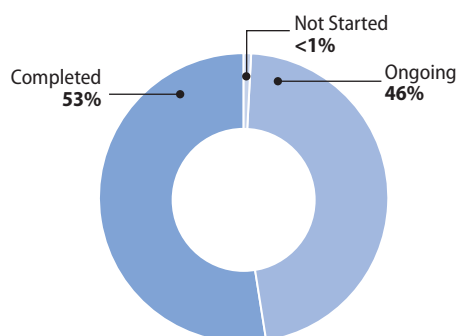
The remaining portion of the PHC program will be finished by January 2008.³²² SIGIR audits in 2006 of the PHC construction contract and the PHC supplies contract uncovered weak oversight and poor accountability.³²³

GRD continues to oversee the refurbishment of 20 hospitals (which were originally under a single design-build contract but have subsequently been re-awarded to Iraqi firms) and the construction of the Basrah Children's Hospital (previously managed by USAID).³²⁴ Last quarter, GRD stated that all rehabilitation work in its hospital program was expected to be completed by June 2007;³²⁵ however, six construction rehabilitation projects have not yet been completed. One project was delayed because of security issues, and contractor

FIGURE 2.61

STATUS OF IRRF 2 PROJECTS - HEALTH CARE TOTAL NUMBER OF PROJECTS: 236

Sources: IRMS, ITAO* Rollup (6/29/2007); USAID, Activities Report (7/12/2007)



Project Type	Not Started	Ongoing	Completed	Total
Primary Healthcare Centers		97	44	141
Equipment Procurement		2	60	62
Hospitals	1	10	19	30
Nationwide Hospital and Clinic Improvements			3	3
Total	1	109	126	236

Note: Numbers are affected by rounding.

* By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.



Basrah Children's Hospital. Construction is now scheduled to be completed in July 2008.

problems delayed the other five projects. The hospital refurbishment program is now scheduled for completion by September 2007.³²⁶

On September 30, 2006, GRD awarded a new fixed-price contract on the Basrah Children's Hospital. Construction is now scheduled to be completed in July 2008, and medical equipment integration is scheduled for completion in November 2008, followed by a phased opening starting in early 2009.³²⁷ GRD reported this quarter that the project is 55% complete, as of June 30, 2007—up from 45% reported last quarter.³²⁸ SIGIR previously issued an audit of this project in July 2006, which found insufficient government oversight of the contract.³²⁹

U.S.-funded projects have allocated \$205 million to procuring health care equipment, modernization, and training.³³⁰ Medical equip-

ment, consumables, and furniture were delivered and installed at nine completed PHCs. In addition, \$22 million of the \$23.5 million in medical equipment was delivered to and installed in 18 renovated hospitals.³³¹

CERP

FY 2006 and FY 2007 CERP funds represent 5% of all U.S. funds for health care reconstruction in Iraq and 4% of CERP funds across all sectors. MNC-I oversees CERP projects in this sector, and Figure 2.62 shows their status.³³²

As IRRF projects finish out and funding is expended, CERP funds have taken on a greater significance in this sector. MNC-I has programmed 447 projects in this sector to be completed with CERP FY 2006 and FY 2007 funds.

FIGURE 2.62

STATUS OF CERP FY 2006 AND FY 2007 PROJECTS HEALTH CARE

TOTAL NUMBER OF PROJECTS: 447

Source: MNC-I, Response to SIGIR (7/7/2007)

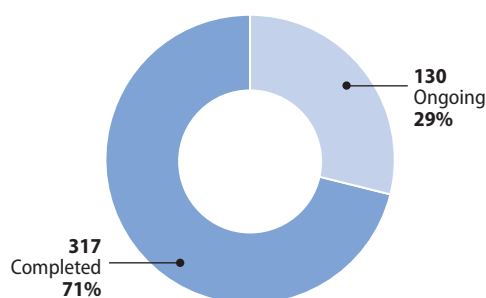
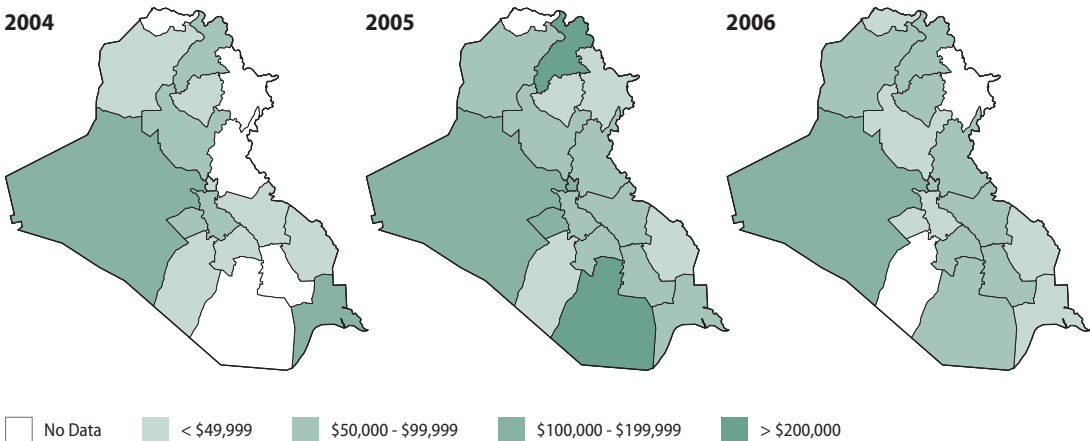


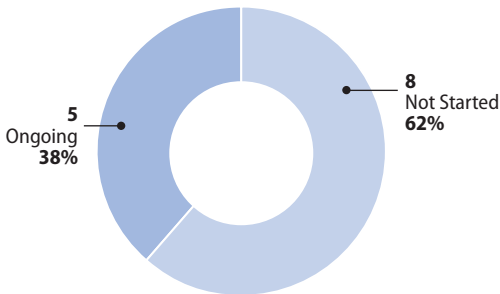


FIGURE 2.63
AVERAGE VALUE PER CERP HEALTH CARE PROJECT BY GOVERNORATE
Source: IRMS, CERP Excel Workbook (6/29/2007)



Note:
Data is compiled using FY 2004, FY 2005, and FY 2006 CERP funds. The years indicated correspond to the actual start dates of the projects.

FIGURE 2.64
STATUS OF ESF* PROJECTS - HEALTH CARE
TOTAL NUMBER OF PROJECTS: 13
Source: IRMS, ESF Project Tracker (6/29/2007)



* Funded by the ESF FY 2006 Supplemental.

Figure 2.63 shows the progression of CERP health care project values awarded over the last three years. Five provinces have health care projects that averaged more than \$100,000 in 2006.

ESF

Health care projects received approximately \$12 million from the \$285 million for the O&M Sustainment program. Figure 2.64 shows the status of ESF O&M projects in the health care sector.

Examples of health care O&M projects include procurement of spare parts for U.S.-donated medical equipment, vehicles for repair technicians and O&M personnel, and diagnostic and repair tool sets for biomedical and facility equipment.³³³

The ESF Capacity Development and Technical Training program also provides an additional \$12 million for health care projects. The status of this program's funds is updated in the Capacity Development sector discussion earlier in this section.



TRANSPORTATION
AND
COMMUNICATIONS

TRANSPORTATION AND COMMUNICATIONS

In 2003, the UN and World Bank estimated that transportation and communications in Iraq would require a \$3.38 billion investment.³³⁴ Security continues to pose a significant threat to reconstruction in this sector. In the telecommunications subsector, the most significant development this quarter is the Iraqi Media Communication Commission's announcement of a national mobile phone license auction.

Shipping

The number of vessels berthed at the Umm Qasr Port averaged 26 per week this quarter, a significant increase from the weekly average of 18.5 reported last quarter.³³⁵

Railway

Poor security conditions continue to hinder the flow of rail traffic in Iraq, particularly in the important Latifiyah area south of Baghdad. There has been no traffic over the Latifiyah Bridge since its repair last quarter,³³⁶ and on July 4, 2007, insurgents struck the bridge.³³⁷

Aviation

Total non-military take-offs and landings at Iraqi airports this quarter averaged 2,389 per week.³³⁸ From May 2006 to May 2007, the average for civilian take-offs and landings in Iraq was 2,734 per week—a significant increase from 1,537 per week in the previous 12-month period. Most of the air traffic is directed by Iraqi controllers at four civilian airports: Baghdad, Basrah, Erbil, and Sulaymaniyah.³³⁹

Roads and Bridges

The security situation poses a major threat to road and bridge projects. In Baghdad, five bridges were damaged by insurgent attacks between April and June. As a result, the GOI has prohibited oil tankers and other heavy trucks from crossing 11 of Baghdad's 13 bridges.³⁴⁰

Telecommunications

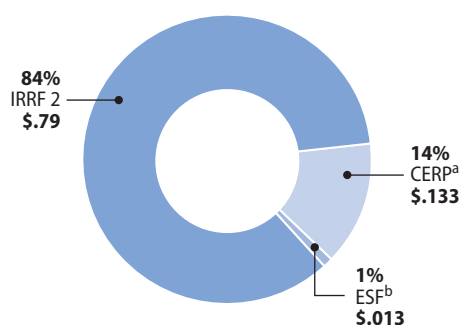
The GOI is currently preparing for an auction of three national mobile phone licenses. The auction is now scheduled to occur in Amman, Jordan, in mid-August.³⁴¹ The private sector has invested more than \$1 billion in wireless telecommunication; however, “investors

TRANSPORTATION AND COMMUNICATIONS



FIGURE 2.65

ALLOCATIONS TO TRANSPORTATION AND COMMUNICATIONS
\$ Billions, % of \$.94 billion
Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Economic Track Summary* (7/5/2007)



Note: Numbers are affected by rounding.

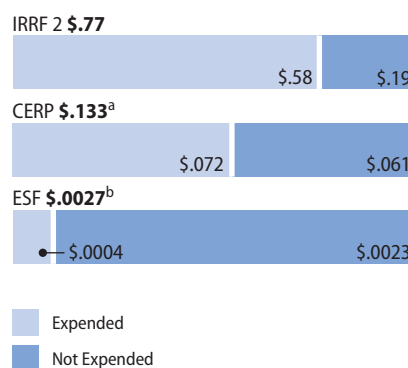
a. Allocation detail at the sector and subsector level for CERP is currently unavailable; therefore, the percentages for CERP are calculated using FY 2006 and FY 2007 dollars obligated.

b. FY 2006 Supplemental Funds (P.L. 109-234).

FIGURE 2.66

STATUS OF OBLIGATIONS FOR TRANSPORTATION AND COMMUNICATIONS
\$ Billions, \$.91 Billion Total

Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); IRMS, *ESF Cost to Complete* (7/5/2007)



Note: Numbers are affected by rounding.

a. FY 2006 and FY 2007.

b. FY 2006 Supplemental Funds (P.L. 109-234).

remain wary due to poor security and the continuing need for a strong legal framework.³⁴² In addition, the State Company for Internet Services (SCIS) has invited leading Internet service providers to participate in an investment license to provide dial-up, DSL, wireless, voice-over IP, and WiMax access.³⁴³

U.S. Support

Construction projects in this sector aim to improve transportation systems in Iraq, such as ports, railways, roads, bridges, and airports. This sector also includes U.S.-funded telecommunications projects. Figure 2.65 shows the sources of funding in this sector.

As of June 27, 2007, 73% of the \$798 million in IRRF funds allocated to this sector had

been expended. Of the \$.13 billion in total CERP allocations, 54% has been expended. Of the \$285 million programmed for O&M sustainment from ESF's FY 2006 Supplemental funding, approximately 5% (\$13 million) was allocated for projects in transportation and communications. GRD has committed 100% of these funds, obligated 21%, and expended 3%.³⁴⁴ The ESF Capacity Development and Technical Training program also provides an additional \$8 million for transportation and communication projects.

Figure 2.66 shows the status of all sector funds that have been obligated to date.

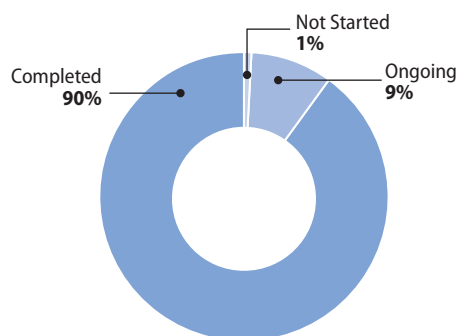


FIGURE 2.67

STATUS OF IRRF 2 PROJECTS - TRANSPORTATION AND COMMUNICATIONS

TOTAL NUMBER OF PROJECTS: 546

Sources: IRMS, ITAO* Rollup (6/29/2007); USAID, Activities Report (7/12/2007)



Note: Numbers are affected by rounding.

* By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.

Project Type	Not Started	Ongoing	Completed	Total
Roads and Bridges	4	35	246	285
Railroad Rehabilitation and Restoration		1	96	97
Consolidated Fiber Network			95	95
Telecommunications Business Modernization		1	32	33
Civil Aviation		5	15	20
Umm Qasr Port Rehabilitation		1	9	10
Expressways		4		4
Telecommunications Operations/Regulatory Reform			1	1
Telecommunications Systems		1		1
Total	4	48	494	546

IRRF

IRRF construction in this sector is expected to be completed by December 2008.³⁴⁵ Of the total sector projects, 90% are currently complete. For the status of projects funded by IRRF 2, see Figure 2.67.

Shipping Projects

The IRRF shipping program was originally scheduled to be completed by February 2007; however, the last port project is now expected to be complete in September 2007. A SIGIR project assessment found that security upgrades at the Port of Umm Qasr met construction standards.³⁴⁶

This quarter, GRD reported that all port projects have been completed except for the RO-RO (roll-on, roll-off) berth facility and providing the electrical supply to the Nelcon cranes. As of June 30, 2007, the **Nelcon cranes**

refurbishment project was 97% complete.³⁴⁷

In addition, construction of the **RO-RO berth facility** is still in progress, and completion is expected by September 3, 2007. A RO-RO berth allows ships to quickly berth and offload cargo from its ramps without cranes.³⁴⁸ This project encountered early delivery delays of equipment from outside the country.³⁴⁹

Railway Projects

U.S. projects have completed repairs at 96 of 98 railway stations, as of June 30, 2007.³⁵⁰ For the railway station projects by location, see Figure 2.68.

In other construction activities, rehabilitation of the **Basrah Railway Station**, valued at \$187,000, was completed on June 13, 2007. The project scope included rehabilitation throughout the building.³⁵¹

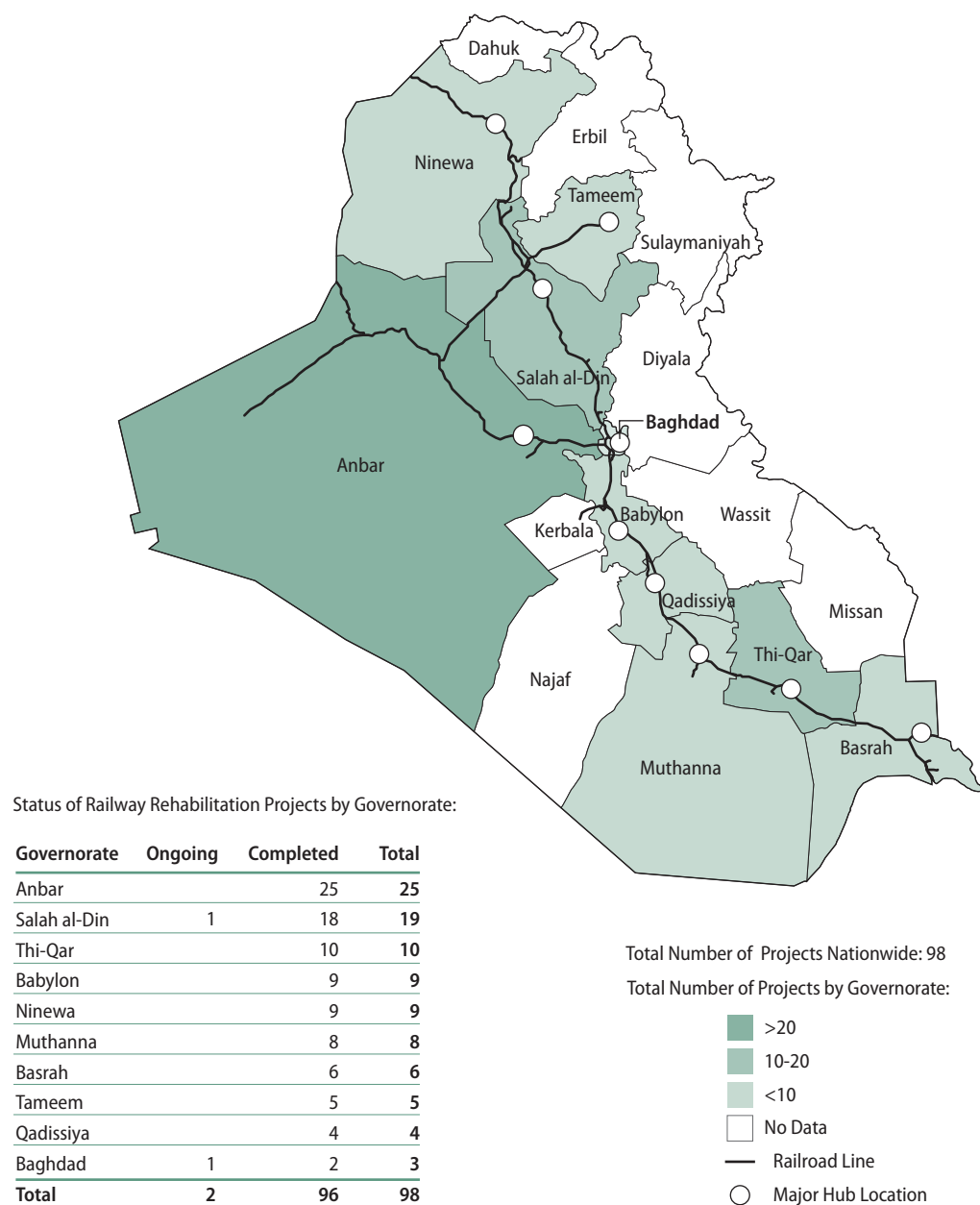
In July 2006, a SIGIR project assessment



FIGURE 2.68

RAILROAD STATION REHABILITATION PROJECTS BY GOVERNORATE

Source: IRMS, ITAO* Rollup (6/29/2007)



* By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.



STATUS OF U.S.-LED PROJECTS AT IRAQI AIRPORTS, AS OF 6/30/2007

AIRPORT	CONTRACT SIZE	NUMBER OF PROJECTS	ESTIMATED COMPLETION DATE	STATUS
Baghdad	\$17 million	7	October 2006	100% Complete
Basrah	\$25 million	10	February 2008	99% Complete
Mosul	\$10 million	1	September 2006	100% Complete

Source: GRD, response to SIGIR, July 19, 2007.

TABLE 2.14

at the **Baghdad Railway Station** found that although most project components met standards, the construction design was not complete.³⁵²

In addition to railway station rehabilitation, funding allocated to this subsector has been used for materials and equipment. Phase I of the **Communications-Based Train Control System (CBTC)** will provide the Iraq Republic Railway with a train-control system to track the movement of all locomotives on the rail system. The project is currently 90% complete and is expected to be finished by September 2007. Phase II, which is 88% complete, will provide a \$41.6 million Digital Microwave Radio Communications Network (also referred to as the **CBTC-backbone**). This phase is scheduled to be completed by May 31, 2008.³⁵³

Aviation Projects

The Air Systems Commissioning Flight Inspection has been completed at the **Baghdad International Airport (BIAP)**, allowing flights to land and depart with less-than-visual flight conditions. After 18 months of outage, radar service was restored, and training for the first class of BIAP air traffic controllers was com-

pleted last quarter.³⁵⁴ However, a SIGIR project assessment last quarter found that of the 17 new generator sets, valued at \$11.8 million, 10 were not operational.³⁵⁵

This quarter, construction projects continued at the **Basrah International Airport (BIA)**. The terminal and tower renovation project is 95% complete.³⁵⁶ The remaining BIA projects are scheduled to be delivered by September 2007, except for the new radar system, which is expected to be complete in February 2008 because of longer-than-anticipated manufacturing time for the radar.³⁵⁷

Last July, a SIGIR project assessment found that although construction of the terminal and tower renovation at BIA met contract requirements, the stated objective was not met.³⁵⁸

Table 2.14 summarizes the work done at the Baghdad, Basrah, and Mosul airports.

Roads and Bridges

U.S.-funded projects in this subsector are on schedule to finish in December 2008. The projects have focused on small village roads, several key highways, and bridges.³⁵⁹

The highway between Baghdad and Kirkuk will be upgraded to four lanes by December



2008. Also, Diwaniya and Samarra will be connected by an upgraded four-lane highway. This \$15.5 million project is scheduled to be completed in January 2008. The project is now 38% complete.³⁶⁰

The **Village Roads Program**, budgeted at \$38.5 million, plans to improve 424 miles of roads throughout 15 governorates in Iraq.³⁶¹ Originally scheduled to be completed by August 2006,³⁶² the program completion was delayed because of security problems and a shortage of fuel and bitumen.³⁶³ This quarter, GRD reported further delays, and the current estimated completion date for the program is now December 31, 2007.³⁶⁴

Previously, SIGIR project assessments found that both the Ninewa Village Roads Segment 3 and the Muthanna Village Roads Segment 4 were not adequately designed,³⁶⁵ but the Thi-Qar Village Roads Segment 3 project was adequately completed to contract specifications.³⁶⁶

Of the 56 Provincial Reconstruction Development Committee (PRDC) projects in this sector, valued at \$56.5 million, 33 have been completed, as of June 30, 2007. GRD reported that eight PRDC projects, including three road projects and five street projects, have been completed since last quarter.³⁶⁷

Telecommunications

The **Iraq Telecommunications and Postal Commission (ITPC)** modernization effort includes 34 projects to construct and renovate post offices. These projects were scheduled to finish in July 2007,³⁶⁸ but GRD reported this

quarter that one post office project will not be completed until August 30, 2007.³⁶⁹

Personnel from the Iraqi Telephone and Postal Company concluded a five-day training program in the United Arab Emirates, sponsored by ITAO. The program included training in international postal organizations, operations and policies, parcel inspections and delivery, postal management, and auditing.³⁷⁰

The Iraqi Telecommunications System was allocated \$47 million from the IRRF. The funding has been used to construct a **primary switching facility at Al-Maimouna** and a **wireless broadband network (WBBN)**. As of June 30, 2007, the \$26 million switch facility was 22% complete and was estimated to be finished by September 2007.³⁷¹ However, GRD later reported that a 200-day extension was issued for the project, and the estimated project completion date is now February 2008.³⁷² The WBBN project, valued at \$1.9 million, was completed in March 2007.³⁷³

To modernize the Iraq telecommunications operations system and to support a new regulatory agency, the **Communications and Media Commission (CMC)** was allocated \$20 million.³⁷⁴ Phase 1 of the Strategic Development Training for CMC staff, valued at \$2.4 million, began in January 2007 and is 10% complete. In addition, purchase and installation of the High-speed Data Network for the CMC (\$4.7 million) is 40% complete.³⁷⁵

This quarter, USAID released an audit report on the **Consolidated Fiber Network (CFN)** project. Valued at \$46.1 million, the project was intended to provide fiber-optic



material and construction equipment, employ 1,000 Iraqis, and improve the voice transmission network to benefit approximately 10 million Iraqis. The audit found that, although USAID provided equipment, there was not sufficient documentation to demonstrate that 1,000 Iraqis were employed. In addition, the goal of serving 10 million people was not reached because the Ministry of Electricity and the ITPC had not made full use of the CFN.³⁷⁶

CERP

CERP FY 2006 and FY 2007 funds represent 14% of the total U.S. funds for transportation and communication reconstruction in Iraq and 13% of the total CERP funds for reconstruction in Iraq. These sources fund 840 transportation projects and 116 telecommunications projects overseen by MNC-I. For the status of CERP-funded projects, see Figure 2.69.

In Falluja this quarter, 15 CERP projects are programmed to spend more than \$5 million

to improve commerce in the city, including 4 railway projects to repair track and ties.³⁷⁷ In Mosul, 4 ongoing CERP projects are improving the transportation system, and 52 projects, valued at \$3.8 million, have been completed.³⁷⁸

In Samarra, \$1.4 million of the CERP is used for the transportation system, and in Kirkuk, more than \$5 million is used for transportation projects.³⁷⁹ In Ramadi, \$672,000 of CERP funds are being used to construct Riverside Road, which runs along the Euphrates River.

In addition, two railway projects funded by CERP are currently in construction in Falluja to repair tracks and railroad ties. The projects are 44% and 38% complete, respectively, and both are scheduled to finish in September 2007.³⁸⁰

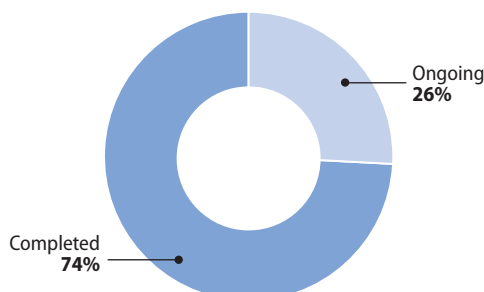
As the project profile of CERP grows within the U.S. reconstruction program in Iraq, so has the average dollar value per CERP transportation and communications project. Figure

FIGURE 2.69

STATUS OF CERP FY 2006 AND FY 2007 PROJECTS - TRANSPORTATION AND COMMUNICATIONS

TOTAL NUMBER OF PROJECTS: 956

Source: MNC-I, Response to SIGIR (7/7/2007)



Project Type	Ongoing	Completed	Total
Transportation	225	615	840
Telecommunications	27	89	116
Total	252	704	956

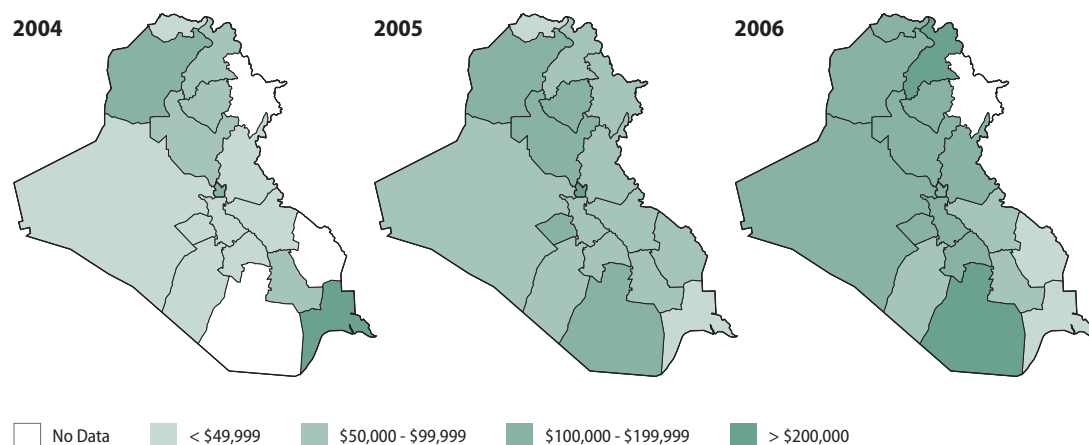
TRANSPORTATION AND COMMUNICATIONS



FIGURE 2.70

AVERAGE VALUE PER CERP TRANSPORTATION AND COMMUNICATIONS PROJECT BY GOVERNORATE

Source: IRMS, CERP Excel Workbook (6/29/2007)



Note:

Data is compiled using FY 2004, FY 2005, and FY 2006 CERP funds. The years indicated correspond to the actual start dates of the projects.

2.70 shows that the average value per project has steadily increased since 2004. In 2006, the average value per CERP transportation and communications project reached \$135,000—nearly double the average value in 2004.

Other ESF-funded projects in this sector include on-the-job training for the BIAP area control, on-the-job training for air traffic control, and O&M for BIAP navigation aids.³⁸²

ESF

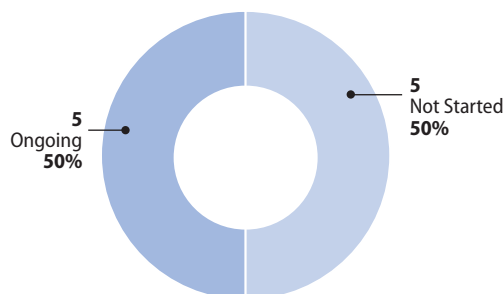
Figure 2.71 shows the status of ESF O&M Sustainment projects in transportation and communications that are funded from FY 2006 supplemental appropriations.

An example of an O&M sustainment effort in the telecommunication sector is the CFN Southern Euphrates fiber O&M project, a \$1.7 million effort that will provide fiber network O&M support to the ITPC. Also related to telecommunications, the \$1 million dollar contract to provide spare parts to the **Ministry of Communications/ITPC for a fiber backbone** was awarded on May 28, 2007.³⁸¹

FIGURE 2.71

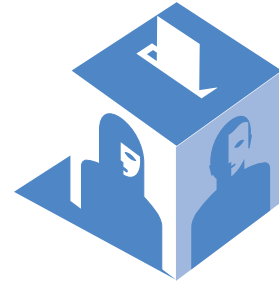
STATUS OF ESF* PROJECTS TRANSPORTATION AND COMMUNICATIONS TOTAL NUMBER OF PROJECTS: 10

Source: IRMS, ESF Project Tracker (6/29/2007)



* Funded by the ESF FY 2006 Supplemental.

DEMOCRACY



DEMOCRACY

The broad objectives for U.S. support of Iraqi democratic governance are outlined in the President's *National Strategy for Victory in Iraq*.³⁸³

- Isolate enemy elements from those who can be won over to the political process by countering false propaganda and demonstrating to all Iraqis that they have a stake in a democratic Iraq.
- Engage those outside the political process and invite in those willing to turn away from violence through ever-expanding avenues of participation.
- Build stable, pluralistic, and effective national institutions that can protect the interests of all Iraqis and facilitate Iraq's full integration into the international community.

The current U.S. strategy to achieve these objectives includes "bottom-up reconciliation," which involves "working at the local and pro-

vincial level, seeking local political accommodations, and getting more Iraqis to invest in the future of a united and democratic Iraq."³⁸⁴ The Provincial Reconstruction Teams (PRTs) are critical components of strengthening governance capacity. Additionally, several capacity-development initiatives, including USAID's National Capacity Development (NCD) Program, focus on building government capacity in Iraq.

"The Government of Iraq is currently working toward reviewing the Constitution. The process is likely to be a long and careful one, as consideration needs to be given to the interests of each of the major political groups. Issues to be addressed include federalism, the sharing of oil revenues, de-Ba'athification reform, and provincial elections."³⁸⁵ On July 8, Iraq's Council of Representatives (COR) voted to extend the current term through July 31, 2007, working six days per week from July 16, 2007, to July 31, 2007.³⁸⁶

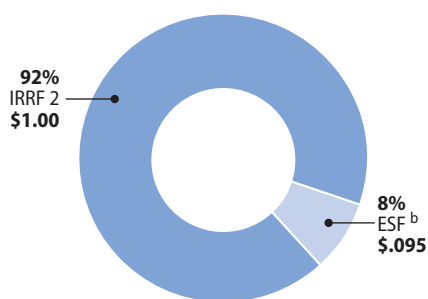


Figure 2.72

ALLOCATIONS TO DEMOCRACY

\$ Billions, % of \$1.09 Billion

Sources: DoS, *Iraq Weekly Status* (6/27/2007); ITAO,^a *Weekly Status Report* (6/26/2007)



Note: Numbers are affected by rounding.

a. By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.

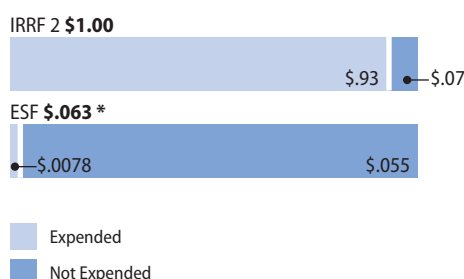
b. FY 2006 Supplemental Funds (P.L. 109-234).

Figure 2.73

OBLIGATIONS FOR DEMOCRACY

\$ Billions, \$1.06 Billion Total

Sources: DoS, *Iraq Weekly Status* (6/27/2007); USAID, *Activities Report* (7/12/2007)



Note: Numbers are affected by rounding.

* FY 2006 Supplemental Funds (P.L. 109-234).

U.S. Support

In this sector, both the IRRF 2 and ESF FY 2006 Supplemental provide funding for projects (see Figure 2.72). Approximately \$1 billion of the IRRF 2 was allocated for democracy-building activities, of which 93% has been expended.³⁸⁷ As IRRF funding approaches depletion, new funding for democracy projects is coming from the ESF, which contributes approximately 8% of the funding for this sector.³⁸⁸ Of the nearly \$63 million in ESF FY 2006 supplemental monies obligated

in the democracy sector, nearly 13% has been expended.³⁸⁹

Figure 2.73 shows the status of U.S. funding in this sector. ESF-funded programs aim to establish grassroots civil-society efforts through community action groups and through the efforts of the PRTs. For a discussion of additional projects aimed at strengthening civil-society organizations through PRTs, see the Provincial Reconstruction Teams discussion in this section.



IRRF

Most of the IRRF funds in the democracy sector were used to support the national elections, draft the constitution, and conduct the constitutional referendum in 2005. Figure 2.74 shows the status of IRRF 2 projects in this sector.

These are some examples of recent IRRF democracy-building efforts reported in the DoS *Section 2207 Report* from April 2007:³⁹⁰

- printing and distributing 2,000 illustrated booklets detailing the role of Iraqi women in the reconciliation process
- completing training for 12 political parties on federalist democratic perspectives
- training 1,750 Iraqis in 50 Civic Coalition for Free Elections workshops in five

southern provinces on the significance of national reconciliation in the Iraqi political process

- broadcasting, on Al Mahaba station, 16 radio talk shows produced by Rafadin's Women's Coalition, focusing on national reconciliation and the role of leaders and clerics in the national reconciliation process

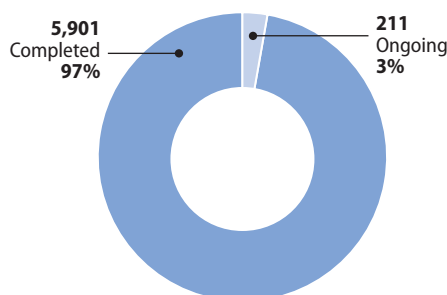
Additionally, USAID helped the Kirkuk Provincial Council to launch its own website to provide information about the council's work in the province.³⁹¹ This effort was facilitated by the Local Governance Program, which is discussed in greater detail in the PRT section of this Report.

Figure 2.74

STATUS OF IRRF 2 PROJECTS - DEMOCRACY

TOTAL NUMBER OF PROJECTS: 6,112

Source: USAID, *Activities Report* (7/12/2007)





ESF

Figure 2.75 shows a status of democracy projects funded by the ESF FY 2006 Supplemental. For a cross-reference of the ESF programs categorized by SIGIR sector, see Appendix D.

Community Action Program

The **Community Action Program (CAP)** promotes grassroots democracy and works to establish better local governance through representative and participatory community action groups. The CAP, implemented by USAID and also funded by the IRRF, has been allocated \$50 million in ESF FY 2006 supplemental funds, of which \$5 million is included for the Marla Ruzicka Iraq War Victims Fund, which was transferred to the IRRF.³⁹² Only approximately \$560,000 of ESF supplemental funds allocated to this program has been

expended. As of May 17, 2007, USAID reports these highlights of the CAP since its inception in 2003:³⁹³

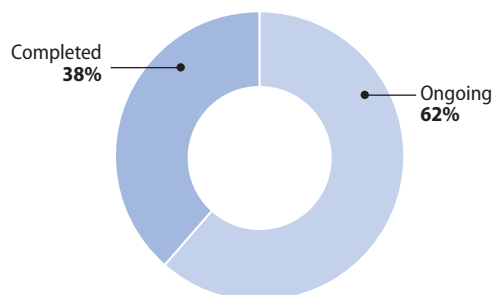
- mobilization of more than 1,450 community action groups in all 18 governorates
- creation of more than 2.7 million days of employment
- creation of 34,000 long-term jobs, of which 43% have gone to women
- USAID commitment of more than \$271 million to 6,000 CAP projects; Iraqi contributions of more than \$74 million

From January to April 2007, 158 projects were completed, valued at \$9.2 million. These projects created 204 long-term jobs.³⁹⁴

To improve the tracking of results achieved by CAP, USAID has completed and approved the Baseline Survey and Performance

Figure 2.75

STATUS OF ESF* PROJECTS - DEMOCRACY
TOTAL NUMBER OF PROJECTS: 419
Source: USAID, *Activities Report* (7/12/2007)



* Funded by the ESF FY 2006 Supplemental.

Project Type	Not Started	Ongoing	Completed	Total
Community Action Program		256	161	417
Civil Society		2		2
Total		258	161	419



Monitoring Plan.³⁹⁵ The web-based Project Reporting System, which unifies the data collected from the five NGOs implementing CAP activities, aims to improve the measurement and reporting of CAP programs.³⁹⁶ The five partner agencies maintain and update the PRS database.³⁹⁷

The CAP launched a women's literacy campaign in Missan, Qadissiya, and Wassit, with anticipated expansion to Basrah. Thousands of women have taken advantage of the two-part program. The first phase focuses on reading and writing; the second phase provides lessons in Arabic, mathematics, and social sciences. For example, the literacy program in the Missan governorate benefited approximately 2,500 Iraqi women.³⁹⁸ The project also resulted in the employment of previously unemployed Iraqi teachers and the refurbishment of classrooms used for the literacy campaign.³⁹⁹

Democracy and Civil Society

The **Democracy and Civil Society** programs conducted these activities:⁴⁰⁰

- meetings with PRT representatives and other democracy-promotion organizations to brainstorm areas of potential collaboration for future electoral events
- continued assessment of the current election administration's preparedness
- detailed training agenda for the staff of the Independent Election Commission of Iraq
- identified priorities and objectives under the Draft National Operations Plan for the conduct of a 2007 electoral event

Approximately \$50 million of the FY 2006 ESF supplemental funds support Democracy and Civil Society programs.⁴⁰¹ These projects support COR efforts to address key governance issues and to enhance the participation of women and minorities in the political process.⁴⁰²

USAID has obligated \$8 million to an existing contract for its **Civil Society and Independent Media** program.⁴⁰³ IRRF funding for civil society and independent media programs ended on September 30, 2006, as reported by SIGIR last quarter. Through ESF funding, USAID has continued supporting the media program activities, which include training media sector employees and providing market research and equipment.⁴⁰⁴ Media program activities were funded from "carry over ESF, which was reprogrammed from an obligation to the World Food Program in FY 2006," according to USAID.⁴⁰⁵

USAID obligated \$10 million to an existing agreement for its **IFES Election Support** program. IFES staff has conducted meetings with democracy-building organizations, including PRTs, to identify areas of collaboration for future elections.⁴⁰⁶

DEMOCRACY



ECONOMIC
DEVELOPMENT

ECONOMIC DEVELOPMENT

There were some signs of economic progress in Iraq this year.

Inflation improved, dropping from 65% at the end of 2006 to approximately 37% by the end of February 2007,⁴⁰⁷ but it subsequently increased, reaching 46% by the end of June.⁴⁰⁸ The primary cause of the spike was shortage of refined fuel products.⁴⁰⁹ Overall, inflation remains lower than at the end of last year but is still above IMF targets.

Iraq's Central Office for Statistics and Information Technology measured unemployment at 18% and underemployment at 38% in its November 2006 annual employment survey.⁴¹⁰ However, current estimates of Iraq's unemployment rate range from 25–40%.⁴¹¹

Dormant state-owned enterprises (SOEs) exacerbate the unemployment situation. As reported by the Deputy Undersecretary of Defense for Business Transformation, an estimated 500,000 employees of SOEs are not included in the unemployment statistics and continue to receive only about 40% of their pay.⁴¹²

The security crisis also constrains private sector development. According to the IMF, “if the level of violence can be reduced, the government investment program, including in the

oil sector, could be implemented and private sector activity could begin to recover.”⁴¹³

U.S. Task Force To Improve Business and Stability Operations

Economic activity in Iraq was prompted this quarter by a series of factory restarts by the U.S.-funded Task Force to Improve Business and Stability Operations (TF-BSO).

As of July 5, 2007, TF-BSO had conducted assessments of more than 64 major industrial operations⁴¹⁴ and selected 19 factories for restart in 2007.⁴¹⁵ The President's revised FY 2007 supplemental request of March 9, 2007, stated that TF-BSO will “help re-start over 140 Iraq factories during the next 6 to 18 months, employing up to 150,000 people.”⁴¹⁶ As of July 5, 2007, six factories have restarted production operations.⁴¹⁷

TF-BSO reported that less than \$200 million is required to restart most of these factories; however, it has only \$50 million in appropriated funds.⁴¹⁸ To close the gap in funding, TF-BSO has attempted to negotiate with the Ministry of Finance and the Ministry of Industry and Minerals to establish a low-interest-rate loan program through state-owned banks.⁴¹⁹



IMF Stand-By Arrangement (SBA)

The IMF's SBA stipulates specific measures that Iraq must implement to resolve problems with balance of payment, subsidies, and other economic issues.⁴²⁰ According to the President's *Initial Benchmark Assessment*, Iraq is on track to meet the SBA's requirements; however, to benefit from a planned follow-on IMF program, Iraq must continue to increase its fuel prices.⁴²¹

An IMF progress report on the SBA in March 2007 found that Iraq has made advances in implementing many required economic and structural reforms, including:⁴²²

- launching a new national payments system
- agreeing on a comprehensive bank reform and restructuring program to promote financial soundness and provide essential services to the population
- establishing budgetary targets, especially on capital investment

- implementing monetary policies aimed at decreasing inflation

As required by the SBA, the Central Bank of Iraq (CBI) has tightened monetary policy and adopted a policy of gradual appreciation of the dinar through incremental increases to relieve inflationary pressures. Since November 2006, the dinar has appreciated 17%.⁴²³ The current exchange rate is 1,249 dinars to the dollar, as of July 12, 2007. A year ago, the rate was 1,472 dinars to the dollar.⁴²⁴ Figure 2.76 shows the historical trend for the exchange rate.

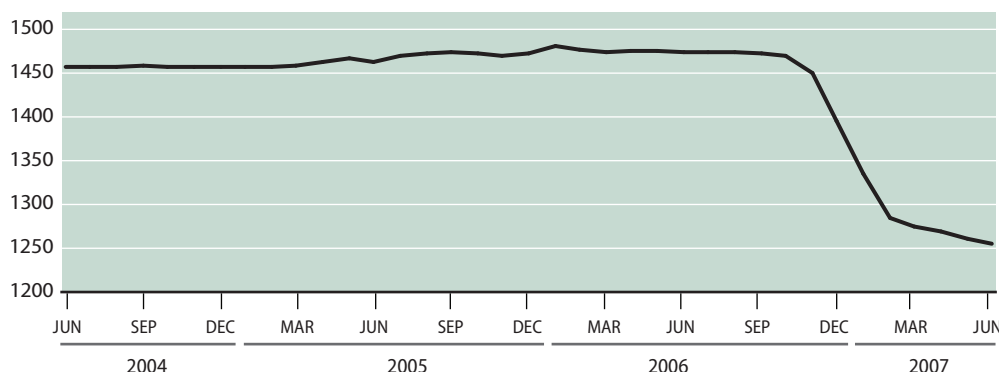
During the past quarter, Iraqi authorities have taken steps to comply with the requirements of the bank restructuring program, which they agreed to with the IMF last March. In particular, the Iraqis have focused on restructuring the two largest state-owned banks—Rafidain and Rasheed—under the SBA program as follows:⁴²⁵

Figure 2.76

CURRENCY EXCHANGE RATE

Currency (Auction Selling Price Dinar/\$1 USD)

Source: Central Bank of Iraq





- In March 2007, the economic committee of the Council of Ministers approved memoranda of understanding (MOUs) for operational restructuring of both state-owned banks and a financial institution restructuring of the Rasheed bank.
- The CBI set up a bank Restructuring Oversight Committee.
- An international auditor was selected in early June to conduct an operational and financial audit of both banks and will be appointed shortly.

These measures are important elements of the more comprehensive bank restructuring program called for by the committee's MOUs.

The IMF noted that progress was sufficient to justify extending the SBA to September

2007.⁴²⁶ The next SBA staff review is expected to take place in August, when the IMF will review progress through June 2007.⁴²⁷

U.S. Support

Approximately 71% of U.S. allocations to this sector are from IRRF 2. Figure 2.77 shows the sources of U.S. funds for projects in the economic development sector.

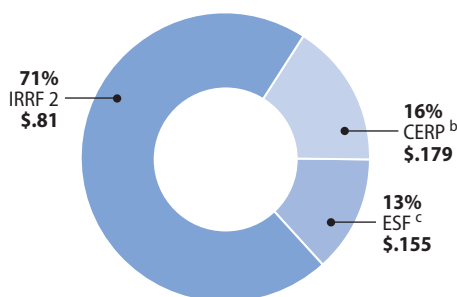
All of the IRRF allocated to economic development has been obligated, and approximately 97.5%⁴²⁸ has been expended. As IRRF comes to an end, U.S.-funded efforts to promote economic development will continue through ESF and CERP. Approximately 16% of funds in the economic development sector are from CERP, and 13% are from ESF. Figure 2.78 shows the status of U.S. funds that have been obligated in this sector.

Figure 2.77

ALLOCATIONS TO ECONOMIC DEVELOPMENT

\$ Billions, % of \$1.14 Billion

Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); ITAO,^a *Weekly Status Report* (6/26/2007)



Note: Numbers are affected by rounding.

a. By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.

b. Allocation detail at the sector and subsector level for CERP is currently unavailable; therefore, the percentages for CERP are calculated using FY 2006 and FY 2007 dollars obligated.

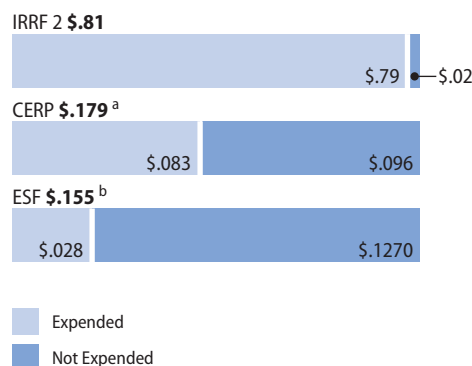
c. FY 2006 Supplemental Funds (P.L. 109-234).

Figure 2.78

OBLIGATIONS FOR ECONOMIC DEVELOPMENT

\$ Billions, \$1.14 Billion Total

Sources: DoS, *Iraq Weekly Status* (6/27/2007); MNC-I, Response to SIGIR (7/7/2007); USAID, *Activities Report* (7/12/2007)



Note: Numbers are affected by rounding.

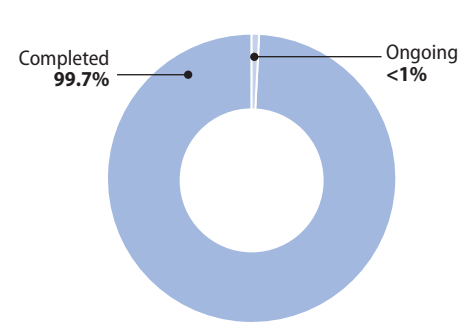
a. FY 2006 and FY 2007.

b. FY 2006 Supplemental Funds (P.L. 109-234).



Figure 2.79

STATUS OF IRRF 2 PROJECTS - ECONOMIC DEVELOPMENT
TOTAL NUMBER OF PROJECTS: 379
Source: USAID, *Activities Report* (7/12/2007)



This quarter, the FY 2007 supplemental appropriations bill provided \$57.4 million of ESF funds to be made available to nongovernmental organizations (NGOs) in Iraq for economic and societal development programs.⁴²⁹ Additionally, the supplemental appropriation provided \$50 million to be made available to the TF-BSO through the Iraq Freedom Fund.⁴³⁰

IRRF

IRRF-funded initiatives have been key elements in the promotion of Iraq’s economic development. IRRF funds have spanned multiple areas of economic growth promotion—from expanding the microfinance industry to providing advice on the implementation of financial systems. ESF funds are continuing many IRRF projects. Figure 2.79 shows the status of IRRF-funded projects in this sector.

Agriculture Industry Development

USAID has been responsible for almost all IRRF funding for the agriculture subsector

Project Type	Not Started	Ongoing	Completed	Total
Agriculture		1	374	375
Vocational Training			3	3
Market-Based Reforms			1	1
Total		1	378	379

through the \$100 million **Agriculture Reconstruction and Development Program for Iraq (ARDI)**, which focused on production, infrastructure, and capacity-building projects. The program officially closed in December 2006.

The ESF-funded **Inma Agribusiness Program** is expected to continue USAID’s efforts in these areas, under a contract with a ceiling value of \$343 million.⁴³¹ To date, \$37.5 million has been allocated, and the contract includes two option years.⁴³²

USDA and Texas A&M University (TAMU) agreed to a work plan for the **Iraq Agriculture Extension Revitalization Project**, and the project money will be transferred to TAMU for implementation.⁴³³ The University Consortium, comprising five U.S. universities (led by Texas A&M), and six Iraqi universities, will conduct a series of two-week trainings for extension specialists on farming, poultry production, crop production, and other topics.⁴³⁴



Economic Governance

Despite security issues, the USAID **Economic Governance (EG) II Project** team continues to supply technical assistance to the GOI to facilitate fiscal and monetary management through a contract valued at approximately \$225 million. As of July 9, 2007, approximately \$161.7 million of these funds had been obligated, and \$131.3 million had been expended.⁴³⁵

Implementation of the **Financial Management Information System (FMIS)** has been suspended indefinitely for security reasons.⁴³⁶ Before the suspension, several technological updates were made to the FMIS. New software was configured and installed on the system to accommodate revised accounting rules, and the Government Financial Statistics-compliant Chart of Accounts was entered into the system.⁴³⁷ To date, USAID reported that it obligated approximately \$18 million (including security costs) for the FMIS.⁴³⁸ The figure does not include what ITAO has spent on FMIS-related modules. ESF funds are intended to complete the rollout of FMIS.⁴³⁹

SIGIR currently is conducting an audit to review the effectiveness of the FMIS contract.

As of April 2007, with the assistance of the U.S. Treasury, the connection of the CBI to the **Real Time Gross Settlement (RTGS)** and **Automated Clearing House (ACH)** systems was completed.⁴⁴⁰ Additionally, four more private banks were accepted as users of the RTGS and ACH systems, bringing the total population of users to 11 banks and the CBI.⁴⁴¹

U.S. efforts also helped the GOI develop a work plan and meet the deadline imposed

by the IMF Safeguards Assessment for the implementation of the **International Financial Reporting Standards (IFRS)** as the basis for financial reporting. The implementation of the IFRS is on schedule.⁴⁴²

Private-sector Development Program (Izdihar)

The existing **Izdihar Private Sector Development** contract ends on September 30, 2007.⁴⁴³

Izdihar's activities currently span multiple areas, including investment promotion, trade policy and market access, business management services, capital market development, small and medium enterprise development, and sustainable microfinance development.

Trade Policy and Market Access

Progress on Iraq's accession into the World Trade Organization (WTO) occurred this quarter. On May 25, the Iraqi delegation to the WTO Working Party held bilateral meetings with U.S., Arab, and European delegations. As a follow-up discussion to this meeting, advisors from the Izdihar program met with the Minister of Trade, who attended the WTO meeting, to discuss several key priorities for Iraq's accession. One of the key priorities is to complete and submit the Legislative Action Plan to the WTO Secretariat.⁴⁴⁴ These steps, supported by USAID, continue to drive economic reform in the key areas of trade, customs, and intellectual property rights as part of the WTO accession process.⁴⁴⁵



Small and Medium Enterprise Development

As of July 2007, the Iraq Company for Bank Guarantees (ICBG) had approved 18 loan guarantees with a total value of \$344,279.⁴⁴⁶ In November 2006, ICBG started its operations to improve access to credit and to develop profitable portfolios for qualified small and medium-sized enterprises. The program also aims to strengthen the cash-flow-based lending practices of qualified participating banks. Bolstered by a \$5 million grant from USAID through Izdihar, 11 private Iraqi banks subscribed \$3.7 million in initial equity as of April 1, 2007.⁴⁴⁷

Sustainable Microfinance Development

Since U.S.-funded microfinance efforts began in August 2003, a total of more than \$100 million⁴⁴⁸ in loans has been issued in 16 of 18 provinces.⁴⁴⁹ There are \$23 million in outstanding loans to more than 18,000 clients, and

the repayment rate is more than 98%.⁴⁵⁰ Izdihar began microfinance efforts in November 2006.⁴⁵¹

ESF

Two ESF FY 2006 Supplemental programs are categorized in the economic development sector. Figure 2.80 depicts the status of ESF-funded projects in this sector. Some ESF projects are a continuation of the efforts started by IRRF-funded activities.

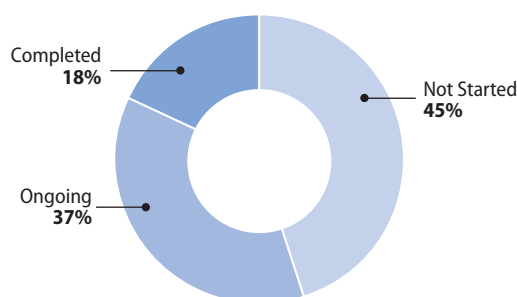
Community Stabilization Program in Strategic Cities

The **Community Stabilization Program (CSP)** was scheduled to end on September 30, 2008, but it has been extended to September 30, 2009, with the FY 2007 obligation.⁴⁵² The program is in the initial phase for assessment of additional cities.⁴⁵³

Figure 2.80

STATUS OF ESF* PROJECTS - ECONOMIC DEVELOPMENT TOTAL NUMBER OF PROJECTS: 132

Source: USAID, *Activities Report* (7/12/2007)



Project Type	Not Started	Ongoing	Completed	Total
Community Stabilization Program	59	49	23	131
Policy and Regulatory Reforms		1		1
Total	59	50	23	132

* Funded by the ESF FY 2006 Supplemental.



As of April 2007, DoS reports that CSP has:⁴⁵⁴

- expanded to Kirkuk, Mosul/Telafar, and Falluja/Anbar
- planned expansion to Basrah
- conducted security assessments in Kirkuk, Mosul, and Falluja

USAID has obligated, via a cooperative agreement, all of the \$135 million of the ESF allocated for the CSP. The CSP pursues economic development incentives and provides employment support to discourage young Iraqis from participating in violent conflict. The program comprises these major components:⁴⁵⁵

- public works and small infrastructure projects
- vocational training and apprenticeship programs

- business development programs for micro-small-medium enterprises
- youth activities

As of June 25, 2007, USAID's average daily Iraqi employment total was 63,377.⁴⁵⁶ The total increased to 68,183 as of July 3, 2007.⁴⁵⁷

Table 2.15 lists the average number of daily employees per work-week for the week prior to July 3, 2007, for several U.S.-funded employment programs.

Table 2.16 shows the average daily number of people employed by the CSP in several Iraqi cities. Additionally, USAID reports that approximately 8,000 people, of which 532 people are employed in infrastructure projects, have benefited from CSP in the Ninewa Province.⁴⁵⁸

AVERAGE NUMBER OF PEOPLE EMPLOYED DAILY BY EMPLOYMENT PROGRAM

EMPLOYMENT PROGRAM	IRAQIS EMPLOYED
USAID	68,183
GRD (includes MILCON/OMA)	18,758
CERP	4,320
MNSTC-I	11,788
IRRF Non-construction	8,855
Totals	111,904

Source: ITAO, *Weekly Status Report*, July 3, 2007, p. 17.
Note: For work-week prior to July 3, 2007.

TABLE 2.15



AVERAGE NUMBER OF PEOPLE EMPLOYED DAILY BY THE CSP

	BAGHDAD (JUNE 24 – 30)	ANBAR (JUNE 24 – 30)	MOSUL (JUNE 10 – 16)	KIRKUK (JUNE 10 – 16)
Short-term Employment (< 3 months)	32,210	10,172	6,711	1,920
Long-term Employment (> 3 months)	11,216	99	296	801

Sources: USAID, responses to SIGIR, June 21, 2007 and July 9, 2007.

Note: Not all cities in which the CSP has operations are represented in the table.

TABLE 2.16

Policy and Regulatory Reforms

U.S.-funded projects continue to assist the GOI in **Policy and Regulatory Reforms**, which include support to the CBI for improving monetary policy and macroeconomic analysis activities. The focus of these efforts, funded by \$20 million, includes assistance with bank restructuring, banking supervision, reserve requirement, Iraqi treasury bill auctions, and information technology management.⁴⁵⁹ The program also assists the Ministry of Finance in developing an integrated annual budget, using the IMF classification system. This budget planning assistance will help the ministry prepare the national budget in accordance with the requirements of the SBA.⁴⁶⁰

In their efforts to help the GOI comply with terms of the SBA and meet the requirements of the IMF Safeguards Assessment, USAID and Treasury also performed these activities:⁴⁶¹

- working with CBI to ensure that the reconciliation of the Net International Reserves is accomplished to meet IMF Safeguard Assessment requirements

- assisting the GOI in amending the existing approved Prudential Regulations to ensure consistency and compliance with international best practices
- helping the GOI gain approval of draft Secured Transaction legislation from the Shura Council and Ministry of Finance

ESF-funded efforts are continuing many of these activities started by IRRF funds.

Provincial Economic Growth (PEG) Program

USAID anticipates that the **Provincial Economic Growth (PEG) Program** will provide \$10 million in loan and operational capital to microfinance institutions during each of its first two years of operations.⁴⁶² PEG aims to increase access to finance and promote growth for selected Iraqi manufacturing and service sectors.⁴⁶³ It has three main components:⁴⁶⁴

- developing the private sector
- strengthening Iraqi business to grow selected sectors of the economy
- expanding commercial lending to increase access to finance



The President's 2007 supplemental and 2008 budget requests sought \$45 million for PEG; \$125 million for Inma Agribusiness development; and \$75 million for Economic Governance II.⁴⁶⁵ PEG follows up on USAID's previous private-sector development project (Izdihar).

CERP

CERP FY 2006 and FY 2007 economic development projects were allocated approximately 16% of the total reconstruction funds for the economic development sector and 19% of total FY 2006 and FY 2007 CERP funds in Iraq.

CERP economic development projects

include civic cleanup activities; economic, financial, and management improvements; agriculture, irrigation, food production, and distribution projects; and civic support vehicles (see Figure 2.81).

In Baghdad, nearly \$1 million of CERP funds are used to employ Iraqis to rehabilitate **Mustansiriyah University**, including the repair of buildings, telephone systems, and sanitation services.⁴⁶⁶ More than \$400,000 in CERP funding is being used to employ local Iraqis to reconstruct **Al Nasir School** in Babil.

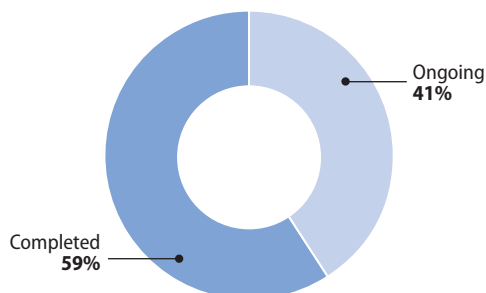
As IRRF projects in this sector finish, and IRRF funding is expended, CERP projects and funding are taking on a greater significance.

Figure 2.81

STATUS OF CERP FY 2006 AND FY 2007 PROJECTS - ECONOMIC DEVELOPMENT

TOTAL NUMBER OF PROJECTS 1,676

Source: MNC-I, Response to SIGIR (7/7/2007)



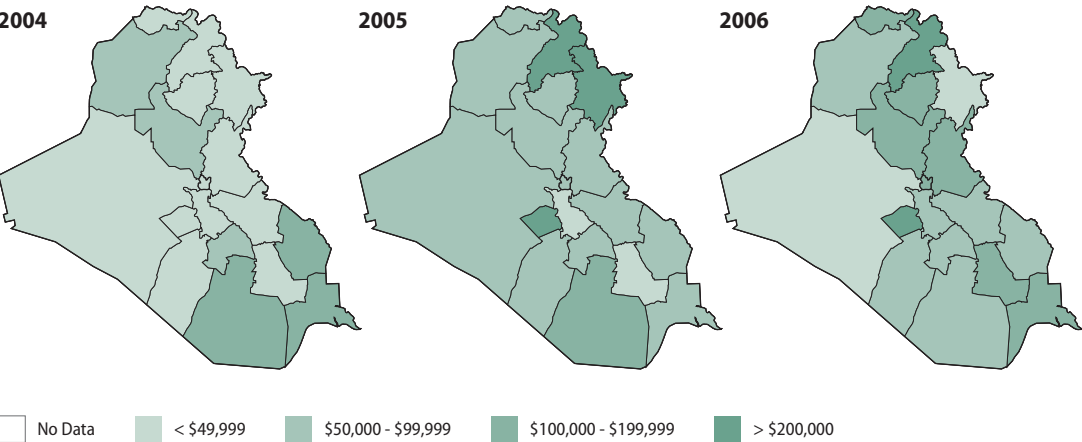
Project Type	Ongoing	Completed	Total
Civic Cleanup Activities	280	345	625
Other Humanitarian or Reconstruction Projects	221	374	595
Economic, Financial, and Management Improvements	78	70	148
Agriculture	60	87	147
Irrigation	30	61	91
Food Production and Distribution	23	30	53
Civic Support Vehicles	3	14	17
Total	695	981	1,676



MNC-I has undertaken 1,676 economic development projects with CERP FY 2006 and FY 2007 funds, completing 981 of them. In 2004, the average CERP economic development project was valued at nearly \$40,000. In 2006,

this average had increased to approximately \$120,000, and nine provinces had CERP economic development projects that averaged more than \$100,000 in value, as shown in Figure 2.82.

Figure 2.82
AVERAGE VALUE PER CERP ECONOMIC DEVELOPMENT PROJECT BY GOVERNORATE
Source: IRMS, CERP Excel Workbook (6/29/2007)



Note:
Data is compiled using FY 2004, FY 2005, and FY 2006 CERP funds. The years indicated correspond to the actual start dates of the projects.

REFUGEES
HUMAN RIGHTS
AND EDUCATION

REFUGEES, HUMAN RIGHTS, AND EDUCATION

Since 2003, more than 4 million Iraqis have been forced to leave their homes.⁴⁶⁷ Of these, 2.4 million Iraqis have fled the country as refugees,⁴⁶⁸ and 1.9 million Iraqis remain in the country as internally displaced persons (IDPs).⁴⁶⁹ More than half of Iraq's 18 governorates are hindering displaced persons from moving from one province to another.⁴⁷⁰

This quarter, the UN High Commissioner for Refugees (UNHCR) released a report that identifies Iraq as the second-leading country of origin for refugees. The UNHCR expects that Iraq will have 2.3 million IDPs by the end of 2007,⁴⁷¹ a 15% increase from 2006 to 2007. The number of refugees leaving Iraq is also increasing. In anticipation of the number of Iraqis being uprooted, UNHCR has doubled its Iraqi assistance budget this year to \$123 million.⁴⁷²

Figure 2.83 shows the number of Iraqis crossing into Turkey, Syria, Lebanon, Jordan, Egypt, and Iran.

U.S. Support

U.S. funds have been supporting programs and projects for refugees, human rights, and education in Iraq. This is the status of major U.S. funding streams in this sector:

- Of the \$410 million allocated to these groups through IRRF 2, \$400 million has been obligated,⁴⁷³ and \$370 million has been expended.⁴⁷⁴
- Of the \$94 million of CERP FY 2006 and FY 2007 funds that have been obligated, \$51 million has been expended.⁴⁷⁵

Much of the U.S. effort is supported by the Migration and Refugee Assistance Fund, which is provided under the authority of the Migration and Refugee Assistance Act of 1962, as amended. Through this fund, "the United States contributes to the programs of the office of UNHCR, the International Committee of the Red Cross, the International Organization for Migration, and other international and non-governmental organizations that provide protection and assistance to refugees, internally displaced persons, and victims of conflict."⁴⁷⁶

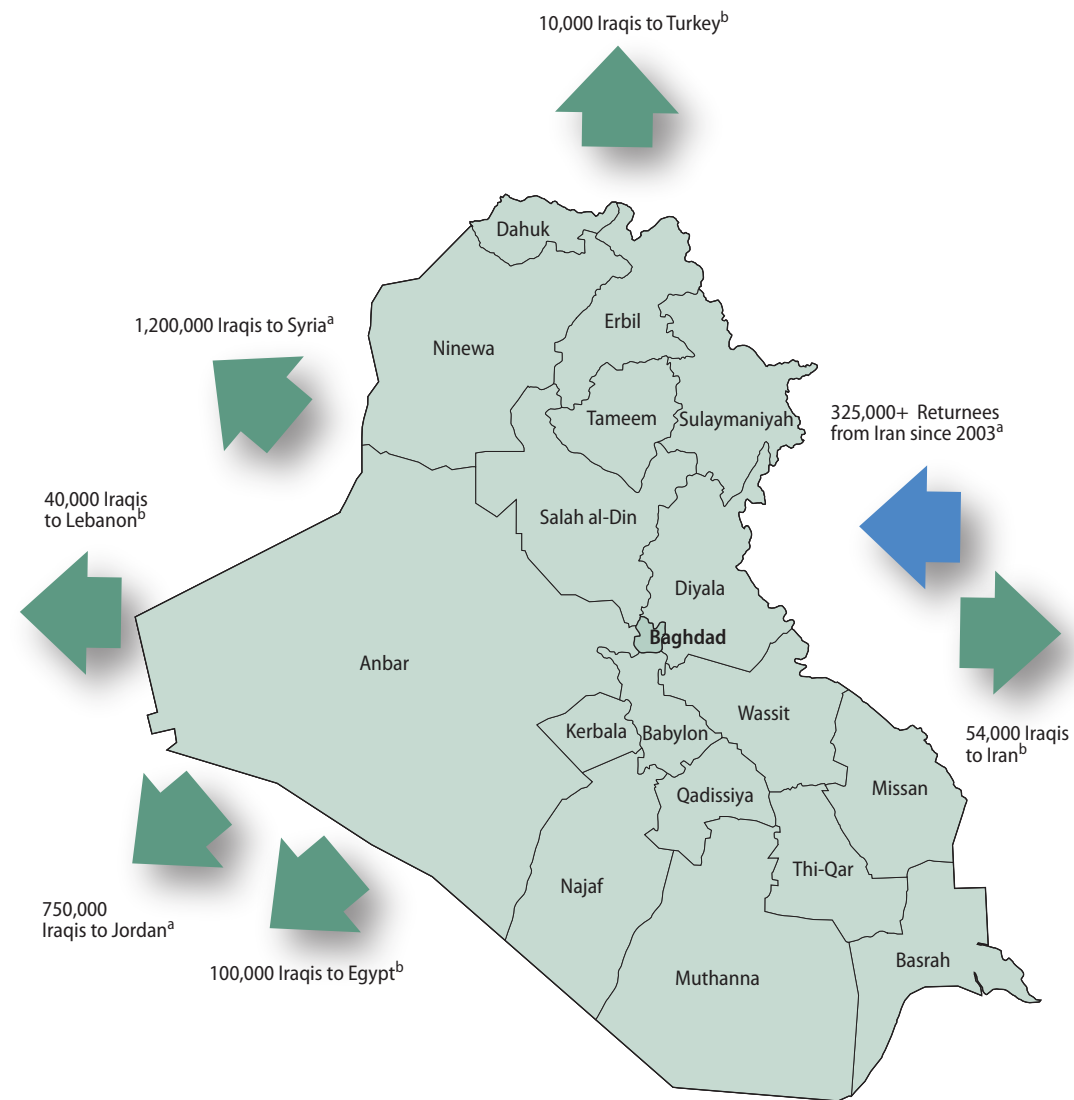
Previous SIGIR Quarterly Reports have noted the following U.S. funding focused on refugee assistance in Iraq:⁴⁷⁷

- FY 2004—\$105 million in IRRF funds was allocated to life-sustaining assistance for conflict victims, including refugees and IDPs, as part of the Migration and Refugee Assistance Fund.⁴⁷⁸



Figure 2.83

MOVEMENT OF INTERNALLY DISPLACED IRAQIS AND IRAQI REFUGEES



Population, as of July 2007	27,499,638 ^c
Iraqi Refugees	2,354,000 ^b
Internally Displaced Persons (IDPs) in Iraq	1,908,400 ^b
Iraqi IDPs by Province	
Northern Provinces	741,900 ^b
Central Provinces	450,000 ^b
Southern Provinces	716,500 ^b
Total	1,908,400^b

Returnees in Iraq, as of October 2006	
2006	401
2005	55,267
2004	191,645
2003	50,524
2002	1,142
Total	298,979

Note: Numbers may not total due to rounding.
a. UNHCR, Iraq Situation Map, May 2007, www.unhcr.org accessed on July 3, 2007.
b. ITAO, *Weekly Status Report*, June 19, 2007. By Executive Order, on May 8, 2007, the President created ITAO as the successor organization to the IRMO.
c. CIA, *World Factbook: Iraq*, June 19, 2007.



- FY 2005—an additional \$54 million was allocated to Migration and Refugee Assistance through IRRF funds.⁴⁷⁹
- FY 2006—an additional \$27 million in IRRF funds brought the total allocation to \$186 million.⁴⁸⁰

New funding for refugees includes:

- FY 2007—Emergency Supplemental funding in April 2007 provided \$45 million for Iraq through the Migration and Refugee Assistance Fund.⁴⁸¹
- FY 2007—DoS reports that \$8.6 million (originally allocated for Iraqi electricity generation) has been reallocated to Migration and Refugee Assistance “to provide additional funding for life-sustaining assistance to meet the immediate needs of refugees and other conflict victims, including internally displaced persons.”⁴⁸²
- FY 2008—The Administration requested \$35 million for Iraq refugee aid in the FY 2008 supplemental.⁴⁸³

IRRF funds have supported voluntary return and reintegration assistance for an estimated 150,000 newly returned Iraqi refugees, helping with health, water and sanitation, shelter, and primary education issues.⁴⁸⁴

In addition to U.S. support, the UN Children’s Fund (UNICEF) has requested \$42 million to provide water and sanitation services for Iraqi children, as well as education services for Iraqi refugee children in Jordan and Syria.⁴⁸⁵ DoS has reported that UNICEF also plans to fund nearly 8,000 vaccinators across

Iraq to prevent a potential measles outbreak.⁴⁸⁶

REFUGEES

USAID has reported progress in programs for refugees this quarter. These programs include:⁴⁸⁷

- provision of relief commodities in Baghdad and Diyala province
- completion of long-term Office of U.S. Foreign Disaster Assistance projects
- preparation of concept papers focused on the “ongoing emergency needs for IDP beneficiaries and anticipated host community needs to improve water, health, sanitation, and income generation conditions for recently displaced populations”

In April 2007, UNHCR conducted the International Conference on Addressing the Humanitarian Needs of Refugees and Internally Displaced Persons inside Iraq and in Neighboring Countries. The objective of the conference was “to sensitize the international community to the humanitarian impact of the violence and conflict in Iraq, to seek commitments to address the immediate and foreseeable needs, and to identify targeted responses to specific problems.”⁴⁸⁸

HUMAN RIGHTS

Of the \$15 million of IRRF that was allocated to promote human rights in Iraq, \$13 million has been expended.⁴⁸⁹ These are quarterly highlights of some U.S.-funded project results aimed at reducing human rights violations:⁴⁹⁰



- coordination of human rights workshops for officials from the Baghdad University and the Ministries of Human Rights, Environment, and Civil Society
- development of a mission statement, code of conduct, working plan, and timetable for the Human Rights Defenders Network, which comprises 18 nongovernmental organizations from Iraqi provinces
- training for the Iraqi Parliamentary Human Rights Committee on forced migration and roles and responsibilities of a parliamentary human rights committee

EDUCATION

IRRF also funded the construction of 809 schools and 6 public building construction and repair projects in Iraq. According to a June 29, 2007 IRMO report, all of these funds have been expended, and all 815 of the projects are completed.⁴⁹¹

CERP FY 2006 and FY 2007 has funded 1,153 education projects in Iraq. To date, 799 of these programs have been completed, and 354 are ongoing as of July 2007.⁴⁹²

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

The International Compact with Iraq (Compact) will shape future donor assistance to Iraq. It was formally launched on May 3, 2007, by the Iraqi Prime Minister and UN Secretary-General in Sharm el-Sheik, Egypt.

The Compact supports Iraq's five-year National Development Strategy (NDS) and includes mutual commitments from both Iraq and the international community, aimed at helping Iraq achieve political stability, improve security, and economic recovery.

The Compact requires the GOI to improve security, to address the corruption problem, to create a more efficient oil sector, to develop a solid budgetary framework, and to improve governance.⁴⁹³

Donors have already offered more than \$20 billion in debt relief within the terms of the Compact. They also have pledged more than \$11 billion in new grants and loans,⁴⁹⁴ which brings the estimate of total of international grants and loans for Iraq to \$18.2 billion. Of those pledges, an estimated \$3.6 billion⁴⁹⁵ has been committed, and \$1.4 billion has been disbursed, according to the GOI.⁴⁹⁶

The International Compact's Agenda

The Compact focuses on four areas for reform and investment: public resource management, governance and institutions, economic reforms, and social sector reform.

Progress in these areas will significantly enhance Iraq's capacity to:

- mobilize resources
- attract foreign investment and aid
- use resources in an efficient, transparent, and accountable manner⁴⁹⁷

To assist with implementation of the Compact, the GOI has asked the international community for:

- financial assistance, including loans and loan guarantees, to support major investments in basic services that are currently beyond the GOI's financial and technical capacity to execute because of its volatile oil revenue stream
- debt relief to reduce non-Paris Club debt, reparations, and the remaining 20% of Paris Club debt
- managerial and technical assistance, particularly to government ministries that need enhanced capacity to manage public investment

- assistance with a private-sector development strategy and promotion of private investment
- institutional strengthening and capacity building of government and civil society institutions
- assistance with accession to international agreements and development of new regional and international initiatives

The Compact Secretariat issued the first report on the implementation of the Compact on July 20, 2007. This report serves as a baseline for measuring progress and includes current achievements and continuing challenges.⁴⁹⁸

IRAQ'S ECONOMIC PRIORITIES OUTLINED IN THE COMPACT

The GOI has developed the National Development Strategy (NDS) for reform and investment over the next five years (2007-2011). Iraq's reform, reconstruction, and development needs are spelled out in the NDS and the Compact, identifying these four pillars for sustainable development in Iraq:

1. Strengthen the foundations of economic growth, including a stable macro-economic framework in accordance with the IMF-supported Stand-By Arrangement (SBA).
2. Revitalize the private sector, particularly through the creation of an enabling environment.
3. Improve the quality of life, starting with the provision of basic services.
4. Strengthen good governance and security and combat corruption.⁴⁹⁹

The Compact seeks to achieve this by outlining goals in specific sectors.

Public Resource Management

The GOI plans to develop macro-economic and monetary policies to insulate the economy from the detrimental impacts of oil price fluctuations and to encourage diversified and sustainable development. It will also align its public finance management with sound international practices, including:

- promoting budget transparency and oversight
- improving the monitoring of international aid and assistance
- carrying out and publishing audits of GOI finances
- implementing international practices in budget execution and public procurement procedures across regions
- making the Financial Management Information System (FMIS) operational across all ministries and provinces

Strengthening Institutions and Improving Governance

The GOI's goals in this area include:

- building consensus on economic reforms through dialogue and engagement with civil society
- mobilizing Iraq's social capital in the process of development
- developing a legal framework and building

institutional capacity to deter corruption at all levels of government

- establishing a civil service corps on the principles of professionalism, integrity, and non-partisanship

Economic Reform

The GOI seeks to create an enabling environment for investment—public and private, domestic and foreign—as a driver for sustainable and diversified economic growth and job creation. It also plans to maximize the benefits from foreign aid and investment and integration into the global economies. This includes subsidy reform, private sector development and investment promotion, regional and international economic integration, and financial sector restructuring.

Energy (Oil, Gas, and Electricity)

The GOI plans to establish a regulatory and institutional framework on the basis of the pending hydrocarbon legislation, consistent with its constitution and based on sound international practice, with these goals:

- clarifying mandates between the national and sub-national levels
- separating policy making, regulation, and execution/operation function
- developing a national hydrocarbon strategy, policy, and regulatory framework
- building the capacity of the Ministry of Oil to carry out new policies
- consolidating national infrastructure and marketing of petroleum
- restructuring and commercializing

upstream operations

- liberalizing downstream operations
- promoting foreign investment and private sector involvement on the basis of risk/reward pricing, transparency in contract execution and administration, consistency and transparency in the application of legal and regulatory frameworks, and an international arbitration option for investment disputes
- establishing a coherent, transparent, and predictable hydrocarbon fiscal regime
- improving monitoring and control, including metering at all stages
- implementing safeguards for the protection of the environment throughout the energy cycle, including a program for reduction, capture, and efficient use of flared gas

Agriculture and Water Management Strategy

The GOI plans to develop a stable, competitive, and sustainable agriculture sector to enhance food security and rural incomes, generate rural employment, diversify economic growth, and protect the natural environment, including:

- creating an environment for a market-oriented, private-sector driven, competitive, and profitable agriculture sector backed by appropriate GOI policy and institutional and infrastructure support
- developing a cohesive agricultural policy that integrates with food policy, trade policy, industrial policy, water policy, environment and natural resource management policy, and financial market development policy

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

COMPACT DEBT RELIEF (U.S. DOLLARS)

DONOR	DEBT RELIEF AMOUNT
Bulgaria	\$2,540,000,000
China	6,220,000,000
Greece	177,000,000
Saudi Arabia	12,000,000,000
Total	\$20,937,000,000

Source: DoS, response to SIGIR, July 18, 2007.

Note: Data not formally reviewed, audited, or verified.

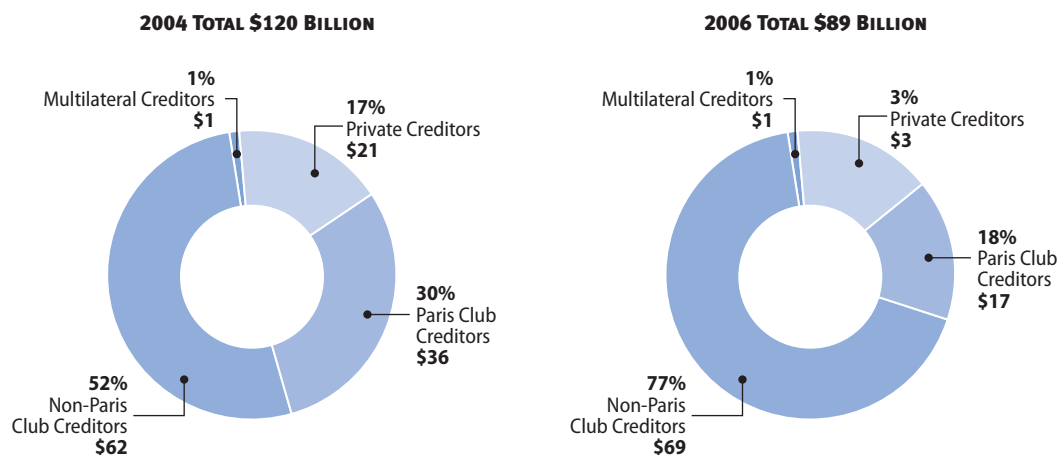
TABLE 2.17

Figure 2.84

IRAQ'S EXTERNAL DEBT

\$ Billions

Source: GAO, *Securing, Stabilizing, and Rebuilding Iraq* (January 2007)



Note: Numbers are affected by rounding.

- developing a financing plan, including public and private sources, to support agriculture sector policies and institutional and infrastructural reforms

DEBT RELIEF

By the end of 2006, the GOI's external debt was estimated at \$89 billion, down from the estimated \$120 billion in 2004. The GOI's current debt is nearly twice the size of its economy and continues to inhibit the country's ability to attract investment to finance its economic reconstruction.⁵⁰⁰

Debt relief is a major component of the Compact. Within the framework of the Compact, four countries have announced plans to relieve the GOI of some of its debt.⁵⁰¹ Table 2.17 shows a breakdown of debt relief resulting from the official launch of the Compact.

The reduction of Iraq's external debt is mainly due to Paris Club debt cancellation. In 2004, the 18 Paris Club⁵⁰² creditors agreed to forgive 80% of the \$36 billion debt owed to Paris Club members. The United States forgave 100% of Iraq's outstanding debt, totaling \$4.1 billion.

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

COMPACT PLEDGES (U.S. DOLLARS)

DONOR	PLEDGE
Australia	\$23,000,000
China	6,500,000
Denmark	35,000,000
Iran	10,000,000
South Korea	200,000,000
Spain	22,000,000
UK	400,000,000
Total	\$696,500,000

Source: DoS, response to SIGIR, July 18, 2007.

Note: This table does not include the \$10.7 billion Compact pledge from the United States. Data not formally reviewed, audited, or verified.

TABLE 2.18

The debt reduction plan is structured in three phases and is to be completed after three years of satisfactory performance under the SBA.⁵⁰³ As of the end of 2006, approximately \$19 billion (36%) of the \$36 billion Paris Club debt has been written off.⁵⁰⁴

Progress has been slower with non-Paris Club sovereign debt, which accounts for \$69 billion (77%) of Iraq's external debt. The GOI has had better success with commercial creditors: Iraq has completed debt and cash exchanges with its commercial creditors on terms comparable to the Paris Club deal.

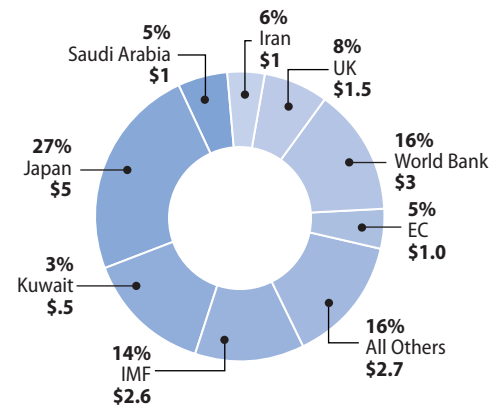
All of the eligible large commercial creditors accepted Iraq's debt exchange offer, and many smaller creditors accepted cash for debt, rather than new debt.⁵⁰⁵ By the end of 2006, Iraq had resolved 80% (\$20 billion) of claims submitted by private creditors through debt and cash exchanges.⁵⁰⁶ Figure 2.84 shows a breakdown of Iraq's external debt.

GRANTS AND LOANS FROM INTERNATIONAL DONORS

Total funds for Iraq reconstruction by international donors since 2003 are estimated to

Figure 2.85

INTERNATIONAL DONOR PLEDGES \$ Billions



Note: Numbers are affected by rounding.

be \$18.2 billion—including \$13.5 billion in Madrid pledges and nearly \$5 billion in new pledges since the Madrid Conference. This figure includes nearly \$700 million in grants and loans that was pledged by countries within the context of the Compact.⁵⁰⁷ See Table 2.18 for a list of Compact pledges. The total pledge figure does not include pledges by the United States—a \$10 million Madrid pledge and a \$10.7 billion Compact pledge.

According to the Development Assistance Database (DAD), approximately \$4.3 billion has been committed, and nearly \$1.4 billion has been disbursed.⁵⁰⁸ For information on total donor assistance to Iraq, see Table 2.19 and Figure 2.85.⁵⁰⁹

Of the original Madrid pledges, \$8 billion came from individual countries, and the remainder came from the World Bank and UN. Approximately \$10 billion of Madrid pledges were loans, and approximately \$4 billion were grants from other countries. Of the total amounts pledged, \$1.72 billion has funded projects in Iraq through the International Reconstruction Fund Facility for Iraq (IRFFI).

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

DONOR GRANTS AND LOANS TO IRAQ (U.S. DOLLARS)

DONOR	PLEDGED ^a	COMMITTED ^b	DISBURSED ^b
Australia	\$104,168,111	\$40,253,296	*
Austria	5,700,000	*	*
Belgium	11,815,789	3,803,351	2,473,396
Bulgaria	1,300,000	*	*
Canada	286,085,242	178,238,910	106,082,427
China	38,000,000	*	*
Croatia	333,000	*	*
Cyprus	120,000	*	*
Czech Republic	14,700,000	*	*
Denmark	103,082,297	18,042,189	3,135,259
Estonia	80,000	*	*
Finland	8,834,500	8,834,500	*
France	32,288	32,288	*
Germany	12,820,513	807,660	586,276
Greece	5,414,458	3,614,458	*
Hungary	1,667,005	*	*
Iceland	3,200,000	2,700,000	*
India	11,000,000	7,500,000	*
Iran	1,020,000,000	*	*
Ireland	3,534,300	1,234,568	*
Italy	273,753,133	35,732,540	5,266,564
Japan	5,000,000,000	1,529,643,666	1,024,431,900
Jordan	1,500,000	75,000	*
Kuwait	516,200,000	10,000,000	*
Lithuania	30,000	*	*
Luxembourg	2,563,298	2,323,298	*
Malta	270,000	*	*
Netherlands	21,929,596	15,929,596	2,482,916
New Zealand	7,178,378	3,378,378	*
Norway	24,018,692	23,186,046	8,313,911
Oman	3,000,000	*	*
Pakistan	2,500,000	*	*
Portugal	600,000	*	*
Qatar	100,000,000	5,000,000	*
Russia	8,000,000	*	*
Saudi Arabia	1,000,000,000	*	*
Singapore	\$1,700,000	*	*
Slovenia	420,000	*	*
South Korea	460,000,000	\$168,334,627	\$132,017,457
Spain	270,000,000	188,406,287	62,251,729
Sri Lanka	75,500	*	*
Sweden	58,424,464	47,450,978	5,819,693
Switzerland	11,000,000	*	*
Taiwan	4,300,000	*	*

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

DONOR GRANTS AND LOANS TO IRAQ (U.S. DOLLARS)

DONOR	PLEGGED ^a	COMMITTED ^b	DISBURSED ^b
Turkey	50,000,000	1,300,000	98,442
United Arab Emirates	215,000,000	*	*
United Kingdom	1,537,037,037	450,063,185	82,042,828
Vietnam	700,000	*	*
Subtotal	11,200,787,601	2,745,884,821	1,435,002,798
European Commission	968,757,000	669,680,000	1,786,621
Subtotal	12,169,544,601	3,415,564,821	1,436,789,419

International Financial Institutions

IMF (low range)	2,550,000,000	714,000,000 ^c	*
World Bank (low range)	3,000,000,000	164,240,000	76,014
Islamic Development Bank	500,000,000	*	*
Subtotal	6,050,000,000	164,240,000	76,014
Total International Donor Assistance	\$18,219,544,601^d	\$3,579,804,821	\$1,436,865,433

* No data available.

^a SIGIR analyzed data to compile pledge figures from the following sources: DoS, response to SIGIR, June 13, 2007; DoS, response to SIGIR, June 18, 2007; GAO, "Stabilizing and Rebuilding Iraq: Coalition Support and International Donor Commitments," May 9, 2007; CRS, "Post-War Iraq: Foreign Contributions to Training, Peacekeeping, and Reconstruction," March 21, 2007; Iraqi Ministry of Planning Development Assistance Database, June 6, 2007.

^b Source: Iraqi Ministry of Planning Development Assistance Database, July 5, 2007, www.mop-iraq.org/dad.

^c This loan is from the Stand-By Arrangement. The GOI has stated that it is not likely to draw on these funds. Source: IRFFI, World Bank Operation in Iraq Data Sheet, June 30, 2007, www.irffi.org.

^d This figure does not include the \$10 million Madrid pledge and the \$10.7 billion Compact pledge from the United States. Note: Data not formally reviewed, audited, or verified.

TABLE 2.19

International Reconstruction Fund Facility for Iraq

A portion of donor assistance is administered by the IRFFI. Twenty-six donors have committed \$1.72 billion⁵¹⁰ to the two IRFFI funds—the World Bank Iraq Trust Fund (WB ITF) and the UN Development Group Iraq Trust Fund (UNDG ITF).

Nearly all IRFFI commitments have been deposited (99%). Of the total IRFFI funds, approximately \$1.1 billion has been contracted, and \$742 million has been disbursed.⁵¹¹

World Bank Iraq Trust Fund

In January 2004, donors authorized the World Bank to administer the World Bank ITF, which began receiving funds in March 2004. As of June 30, 2007, 17 donors pledged approximately \$462.1 million to the World Bank ITF; \$459.6 million has been deposited. Of that amount, \$320 million has been contracted, and \$108 million has been disbursed:

- The World Bank ITF finances 16 projects, valued at \$437 million.
- The GOI directly implements 13 of the 16 projects, valued at \$428.2 million.⁵¹²
- The World Bank implements the remaining two projects (\$8.5 million) in capacity

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

Figure 2.86

WORLD BANK IRAQ FUND - STATUS OF FUNDS

\$ Millions

Source: www.irffi.org (6/30/2007)

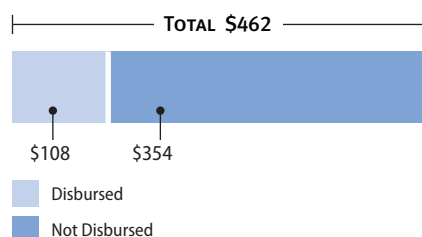
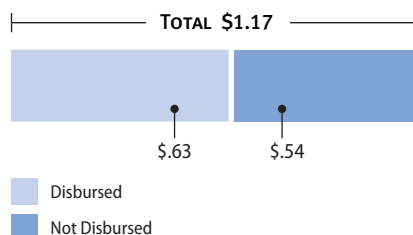


Figure 2.87

UNDG IRAQ TRUST FUND - STATUS OF FUNDS

\$ Billions

Source: www.irffi.org (5/31/2007)



building and technical assistance.

- Two World Bank projects financed by the ITF—the First Capacity Building Project and the Emergency Textbook Provision Project—are completed and closed.⁵¹³

Figure 2.86 reflects the status of World Bank ITF funds through June 30, 2007.

UN Development Group Iraq Trust Fund

The United Nations Development Programme (UNDP) administers the UNDG ITF. As of May 31, 2007, 25 donors have committed \$1.18 billion to the ITF, of which \$1.17 billion has been deposited. Sixteen UN agencies are implementing 151 projects with more than \$1 billion in funding. UNDP has the most funding (\$297 million), followed by the UN Office for Project Services (\$177 million) and UNICEF (\$139 million):

- \$741 million (72%) has been contracted.
- \$634 million (62%) has been disbursed.
- 25 projects have been completed.⁵¹⁴

For the status of UNDG ITF funds through May 31, 2007, see Figure 2.87.

Examples of Donor-funded Projects

According to the DAD, donors have funded 647 projects totaling more than \$5 billion across 11 sectors. There are many challenges to obtaining and verifying donor data because

there is no single, unified and populated reporting system for all donors. Although the DAD is intended to provide that vehicle, the capacity of the Iraqi Ministry of Planning to coordinate a wide variety of multilateral, bilateral, and international organization data is still evolving. Therefore, the information listed in Table 2x is not a complete view of donor assistance. According to the DAD, the Governance and Democracy sector had the largest number of donor-funded projects (20%).⁵¹⁵ The Infrastructure sector, however, is the largest donor-funded sector in terms of project costs (30%). See Table 2.20 for examples of projects by sector.

THE FUTURE OF DONOR ASSISTANCE

In March 2007, the IMF Executive Board completed the third and fourth reviews under the SBA. At that meeting, the period covered by the SBA was also extended by six months through September 2007.

Discussions on the fifth and final review under the current SBA and on the 2007 Article IV consultation are scheduled to begin this summer. Iraqi authorities have also indicated that they intend to request a successor arrangement to cover the period needed to reach the last stage of the Paris Club debt reduction agreement by December 2008.⁵¹⁶ The GOI will continue to work on reaching debt reduction agreements with non-Paris Club creditors.

INTERNATIONAL SUPPORT FOR IRAQ RECONSTRUCTION

DONOR FUND PROJECTS, AS OF 7/5/2007 (U.S. DOLLARS)

SECTOR	NUMBER OF PROJECTS	PROJECT COST	TYPES OF PROJECT
Agriculture, Food, and Fishing	33	\$205,850,397	Japan is the largest sovereign donor in this sector, with four projects totaling nearly \$20 million. Many of the projects in this sector are irrigation projects and training.
Economic Development	16	\$226,951,262	The IMF has conducted 18 workshops for senior technical experts and executives from the Central Bank, Ministry of Finance, and State-owned banks. The workshops have covered monetary and fiscal policy, central bank operations and accounting, balance of payments, banking supervision, and bank reform and restructuring. ⁵¹⁷ The United Kingdom sponsored a capacity-building project to help the Ministry of Finance lead and manage a comprehensive macroeconomic reform program.
Education, Science, and Culture	67	\$478,370,285	According to the DAD, the UNDG ITF has funded the most projects in this sector, 21 projects costing \$145.5 million. Typical projects in this sector include rehabilitating schools, training educators, and providing educational materials to educational facilities.
Energy	1	\$1,500,000	According to the DAD, the United Kingdom is the only donor other than the United States to fund an energy project. The United Kingdom spent \$1.5 million to refurbish a Petrochemical Works Reverse Osmosis Unit.
Enterprise and Industry	1	\$17,000,000	According to the DAD, Spain is the only donor other than the United States to fund an Enterprise and Industry project. Spain supplied \$17 million worth of industrial equipment.
Environment	42	\$555,580,127	The WB ITF funded 3 projects totaling \$180 million. Many of the projects in this sector focus on water and sewage treatment. There are also technical assistance projects.
Governance and Democracy Development	130	\$510,675,058	The UNDG ITF has funded the most projects (33), with a total cost of \$232 million. Many projects in this sector have focused on elections, civil society development, and refugees and internally displaced people assistance.
Health	86	\$586,267,252	According to the DAD, Japan has financed 37 projects in this sector, with costs totaling \$242 million. Typical projects include medical facility rehabilitation, medical equipment, and training for health care workers.
Housing, Labor, and Social Affairs	95	\$727,062,722	The WB ITF has funded 4 projects in this sector, with a total cost of more than \$200 million. The DAD includes refugee and water treatment projects in this sector.
Infrastructure	103	\$1,530,334,754	Japan and the World Bank have funded the most projects in this sector, according to the DAD. Japan has funded 43 projects totaling \$523 million, and the World Bank has funded 8 projects totaling \$336 million. Many of the projects in this sector focus on electricity generation and the building of roads.
Security	37	\$132,679,708	Only 2.6% of total project costs were spent in this sector, according to the DAD. Most of this funding came from Japan, which funded 11 projects totaling \$80 million. The typical project in this sector provides training and equipment for the police and military.
Unspecified/Unclassified	25	\$42,901,570	Since the Compact, donors are providing more technical assistance to Iraq. For example, the World Bank, IMF, EU, and UK are coordinating efforts to provide technical assistance to Iraq for economic reform. ⁵¹⁸
Unallocated	11	\$50,557,179	
Total	647	\$5,065,730,314	

Source: DAD, July 5, 2007.

Note: Data not formally reviewed, audited, or verified.

TABLE 2.20

